TAXATION OF SECURITY HOLDERS

Holders of H Shares are subject to the taxation of income and capital gains according to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are domiciled or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and therefore the following summary do not constitute any comments or suggestions. The discussion has no intention to cover all possible tax consequences resulting from [**REDACTED**] in H Shares, nor does it take the specific circumstances of any particular [**REDACTED**] into account. Accordingly, you should consult your own tax advisor regarding the tax consequences of [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of the Latest Practicable Date, which is subject to change or adjustment and may have retrospective effect.

No issues on PRC or Hong Kong taxation other than income tax, capital profit tax, value-added tax, stamp duty and estate duty were referred in the discussion. Prospective [**REDACTED**] should consult their tax advisors regarding the PRC, Hong Kong and other tax consequences of [**REDACTED**] of H Share.

TAXATION IN CHINESE MAINLAND

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "Income Tax Law"), which was last amended by the Standing Committee of the NPC on August 31, 2018 and came into effect on January 1, 2019 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, dividends distributed by PRC domestic companies to individual investors are subject to withholding tax levied at a flat rate of 20%. For foreign individuals who are not residents of China, dividends received from a Chinese enterprise are generally taxed at 20%, unless there are specific exemptions granted by the State Council's tax authority or reductions under an applicable tax treaty. Meanwhile, according to the Notice on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) promulgated jointly by the MOF, the SAT and the CSRC on September 7, 2015 and effective from September 8, 2015, for shares of listed companies obtained by individuals from public offerings or transferring markets and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For individuals who acquire the shares of a listed company from public offerings or transferring markets, all the income from dividends and bonuses shall be included into the taxable amounts in case the holding period is less than one month (inclusive of one month); 50% thereof will be included into the taxable amounts in case the holding period is over one month but less than one year (inclusive of one year) temporarily; a unified tax rate at 20% shall be applicable to the aforesaid incomes in the levy of individual income tax.

According to the Notice on the Management of Personal Income Tax Impose after the Abolition of Guo Shui Fa (1993) No. 045 Document (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) issued by the SAT on June 28, 2011 and came into effect on the same day, when a domestic non-foreign-invested enterprise lists its shares in Hong Kong, its individual shareholders, as foreign residents, can claim relevant preferential tax treatment pursuant to the provisions in the tax treaty entered into between the country where their residential identity belongs and the PRC and in the tax arrangements between Chinese Mainland and Hong Kong (Macau). When dividends and bonuses are distributed by a domestic non-foreign-invested enterprise that lists its shares in Hong Kong, individual income taxes thereof are generally withheld and paid at the tax rate of 10% with no need to file any application. For residents obtained dividends and bonuses, whose countries or regions have not entered into any tax treaty with the PRC or are under other situations, withholding agents shall withhold and pay the individual income taxes at the tax rate of 20% when the dividends and bonuses are distributed.

Enterprise Investors

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (hereinafter referred to as the "EIT Law"), which was promulgated by the NPC on March 16, 2007, was last amended on December 29, 2018 and came into effect on the same day, and the Implementing Rules of the Enterprise Income Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was promulgated by the State Council on December 6, 2007, was last amended on December 6, 2024 and came into effect on January 20, 2025, a corporate income tax rate of 25% is applicable. A non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable by non-resident enterprises is deducted at source, where the payer should be the withholding agent, and the tax amount is required to be withheld from the amount to be paid by the withholding agent.

According to the Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT on November 6, 2008 and came into effect on the same day, a PRC-resident enterprise must withhold enterprise income tax at a uniform rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response of the SAT to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (Cai Shui Han[2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》財稅函[2009]394號), which was issued by the SAT on July 24, 2009 and came into effect on the same day, further provides that any PRC resident enterprise that publicly issues and lists shares in or outside the PRC shall withhold enterprise income tax at a rate of 10% on dividends of 2008 and thereafter distributed to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the Chinese Government has entered into with a relevant country or region, where applicable.

Pursuant to the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書), which came in to effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax treaties is subject to the statutory requirements of PRC tax law documents, such as the Notice of the SAT on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

Income tax

Individual Investors

According to the Individual Income Tax Law (《個人所得稅法》), and its implementation rules, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT in March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. Pursuant to the Circular on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) issued jointly by the MOF, the SAT and the CSRC On December 31, 2009, any individual's income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice of the MOF, the STA and the CSRC on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the above-mentioned three authorities on November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT payer. However, individuals who transfer financial products are exempt from VAT.

Pursuant to the foregoing provisions, in the event of the sale or disposal of H shares, if the holder is a non-resident individual, such holder shall be exempt from the PRC VAT; if the holder is a non-resident enterprise and the purchaser of H shares is an individual or entity outside China, such non-resident enterprise may be exempt from the PRC VAT; and if the purchaser of H shares is an individual or entity within the PRC, such non-resident enterprise may be subject to the PRC VAT.

Meanwhile, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which shall usually be subject to 12% of the VAT, business tax, and consumption tax (if any) actually paid.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice of the MOF, the SAT and the CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated on October 31, 2014 and effective on November 17, 2014, for dividends and bonuses received by individual investors in Chinese Mainland from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) (hereinafter referred to as "CSDCC") for providing the register of individual investors in Chinese Mainland to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

The dividends and bonuses obtained by corporate investors in Chinese Mainland from investing in shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income. The enterprise income tax is levied on such income in accordance with the law. Specifically, enterprise income tax will be exempt according to law for income from dividends and bonuses obtained by resident enterprises in Chinese Mainland that hold H Shares for at least 12 consecutive months. The H-share companies listed on the Hong Kong Stock Exchange shall apply to CSDCC for providing the register of corporate investors in Chinese Mainland to the H-share companies. The H-share companies do not need to withhold tax on the income from dividends and bonuses obtained by corporate investors in Chinese Mainland. The tax payable shall be declared and paid by the enterprises themselves.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same day, the transfer spread income derived by individual investors in Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax prior to December 31, 2027.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by November 5, 2016 and effective on December 5, 2016, for dividends and bonuses received by individual investors in Chinese Mainland from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in Chinese Mainland to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

The dividends and bonuses obtained by corporate investors in Chinese Mainland from investing in shares listed on the Stock Exchange through Shenzhen–Hong Kong Stock Connect shall be included in their total income. The enterprise income tax is levied on such income in accordance with the law. Specifically, enterprise income tax will be exempt according to law for income from dividends and bonuses obtained by resident enterprises in Chinese Mainland that hold H Shares for at least 12 consecutive months. The H-share companies listed on the Hong Kong Stock Exchange shall apply to CSDCC for providing the register of corporate investors in Chinese Mainland to the H-share companies. The H-share companies do not need to withhold tax on the income from dividends and bonuses obtained by corporate investors in Chinese Mainland. The tax payable shall be declared and paid by the enterprises themselves.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Chinese Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same day, the transfer spread income derived by individual investors in Chinese Mainland from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax prior to December 31, 2027.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the Standing Committee of the NPC on June 10, 2021 and implemented on July 1, 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies do not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Tax

In accordance with the laws of the PRC, the PRC currently does not impose any estate tax.

MAJOR TAXES ON OUR COMPANY IN THE PRC

Please see the section headed "Regulatory Overview" in this document.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable, and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

Renminbi ("RMB") is the lawful currency of the PRC. The State Administration of Foreign Exchange (hereinafter referred to as the "SAFE"), authorized by People's Bank of China (hereinafter referred to as the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations on Foreign Exchange Control (《外匯管理條例》) amended by the State Council on August 5, 2008 and became effective on the same day, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from current accounts of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council on October 23, 2014 and effective on the same day, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and effective on the same day, a joint stock company registered in China (hereinafter referred to as the "domestic company") shall complete registration formalities for overseas listing with the SAFE's local branch at its place of registration within 15 working days from completion of issuance for its overseas listing. After the overseas listing of a domestic company, a domestic shareholder of such company who intends to increase or reduce its overseas shareholding according to relevant regulations shall register the overseas shareholding with the SAFE's local branch at the place where such shareholder is located within 20 working days prior to the proposed increase or reduction of shareholding with relevant materials. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing registration to open a "special account for overseas listing of domestic company" at a domestic bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance, and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE on June 9, 2016 and last amended on December 4, 2023, domestic institutions may settle their foreign exchange receipts under the capital accounts (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. The discretionary exchange settlement ratio of foreign exchange receipts under the capital accounts of domestic institutions is tentatively set as 100%. The SAFE may adjust the aforesaid proportion in due time in light of the international balance of payments.